

Table 1.

## Traditional Estimate, Senator Breaux Proposal

	Medicare Spending Growth Rate, 2000-		Medicare Spending as a Percent of GDP /1/2		Medicare as a Percent of Federal Revenues		Medicare Spending (in billions of dollars) /3		Part A Insolvency Date (approx.)	Premiums as a Percent of Beneficiaries' Income		Budgetary Costs (+) or Savings (-) (in billions) /4	
	2015	2030	2015	2030	2015	2030	2015	2030		2015	2030	2015	2030
Baselines													
Trustees Intermediate	8.2%	7.6%	4.4%	6.3%	19%	28%	801	2,212	2008	7%	7%	0	0
No Slowdown	8.3%	8.6%	4.5%	8.5%	19%	38%	817	2,972	2008	7%	10%	0	0
Viability Standard Based on Spending													
Slow Growth of Per Beneficiary Spending to that of Per Capita GDP													
Trustees Intermediate	6.0%	6.2%	3.2%	4.3%	14%	19%	591	1,501	~2028	5%	5%	-182	-615
No Slowdown	6.0%	6.2%	3.2%	4.3%	14%	19%	591	1,501	~2028	5%	5%	-195	-1,272
Preliminary Estimate													
Breaux Proposal, Traditional Estimate (does not assume slowing of costs in the fee-for-service plan)													
Trustees Intermediate	7.4%	6.7%	3.9%	4.9%	17%	22%	716	1,738	~2010	5%	5%	-65	-392
No Slowdown	7.5%	7.6%	4.0%	6.3%	18%	29%	729	2,227	~2010	6%	7%	-67	-622
Policy:	The Part B premium and the Medicare+Choice system for private plans would be replaced by a premium support system under either of two formulations. Normal age of eligibility would be gradually increased, but waiting period for eligibility for disabled would be waived or reduced for those affected. High-income premium would support additional assistance for low-income beneficiaries. Benefits package change would include coinsurance for home health and combined deductible. Direct education carved out. Additional management tools in FFS plan.												
Considerations:	Depending on the geographic payment adjustment used, some enrollees in private plans in high-cost areas could face higher total premiums; some private plan enrollees in low-cost areas could see lower total premiums. Medicaid spending for Medicare premiums would be reduced somewhat. High income beneficiaries would pay more--low income beneficiaries receive more assistance.												

SOURCE: Medicare Commission Staff.

1. In 2000, Medicare spending will be 3 percent of GDP and 12 percent of the federal budget (revenues). Total projected Medicare spending will be \$247 billion in 2000.
2. Payroll is approximately half of GDP. For example, in 2015 under the Trustees Intermediate baseline, Medicare spending would be 9.0 percent of payroll.
3. All spending estimates after Part A fund insolvency are hypothetical.
4. Medicare cost or savings in the year shown.